

THE BOON'S LICK TIMES.

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TERMS.

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Senate Committee Report.

MONDAY, February 21, 1842.

Mr. TALLMADGE, from the Select Com-
mittee on the Report from the Treasury
and so much of the President's Message as
relates to a Fiscal Agent, delivered in the
following Report, which he read at the
Clerk's table:

The SELECT COMMITTEE, to whom was
referred the "Report from the Secretary of
the Treasury communicating a plan of a
Fiscal Agent of the Government," respect-
fully report:

That they have given the subject that
consideration which its importance de-
mands, and now present to the Senate some
of the views which have brought them to
the conclusion to which they have arrived.

The committee do not intend to go into
an elaborate argument in favor of such a
measure. The late period at which this
subject was referred to them, and the anx-
iety of the public mind for speedy action
on it, has left them but little time, amidst
their other pressing engagements, to pre-
pare an extended report. They, therefore,
content themselves with reporting a bill to
establish a Fiscal Agent of the Government,
accompanied by such remarks upon its
leading features and principles as seem to
be called for by the occasion.

Since the adoption of the Constitution
of Government under which we live, the
country has experienced much financial and
commercial embarrassment. But at no pe-
riod has it been so suddenly precipitated
from an apparently high state of prosper-
ity to the lowest point of depression, as at
the present time. The committee will not
attempt an enumeration of the causes which
have led to this disastrous result. But they
take leave to say, that amongst them an in-
flated and deranged condition of the cur-
rency is the most prominent. There may
be a difference of opinion as to how this in-
flation and derangement have been pro-
duced. All, however, will agree, that the
excess in trade and business consequent
upon such a state of things is, in some sort,
incident to our system of credit; a system
which is a characteristic feature of our free
institutions. In an attempt to correct
these excesses, the committee would wish
to preserve and regulate, but not destroy
the system itself. The efforts which have
heretofore been made to correct them, have
always encountered one grand obstacle in
the difference of opinion which has pre-
vailed in the community as to the kind of
corrective, and the manner in which it
should be applied. This has led, in some
instances, to a reorganization, and a hostile
array of political parties; and the great
question of regulating the currency of the
country has formed the issue upon which,
for some years past, the most violent polit-
ical battles have been fought. Experience
has shown that in such contests the business
of the country must always be deranged.
And the greater the sincerity with which
the war is waged, on the one side and the
other, the fiercer will be the conflict, and
the more disastrous the consequences, as
long as the great matter in difference re-
mains unsettled. There can be no peace,
no prosperity, until it be settled. Other
questions upon which political parties di-
vide are comparatively harmless. No mat-
ter how violent the contest, the business of
the country is not affected by it. Amidst
the excitement of the public mind, the
country pursues its onward march to pros-
perity and greatness. But the instant the
question of currency becomes the issue, it
is felt, like an electric shock, from one ex-
tremity of the Union to the other.

It behooves, then, every good and patri-
otic citizen to lend his aid in the settlement
of this question. His inquiry should be,
not what ought to be done, but what can be
done? He should be prepared to surrender
his individual opinions, if necessary, in or-
der that some system may be adopted which
shall promise stability and permanency in
relation to this all-absorbing subject. The
distresses of the country are beyond much
further endurance. The People throughout
the extent of this broad land cry aloud
for relief. Thousands and thousands of
our fellow-citizens have been prostrated by
the calamities of the times which have
overtaken them. They have been suddenly
reduced from affluence to want. Their
property, which, under ordinary circum-
stances, would have been ample to meet all
engagements and leave a competency to
themselves and families, has been most cru-
elly sacrificed. Others, who have survived
the fearful wreck of the hopes of thou-
sands, are still suffering by a disordered
currency, and the unregulated exchanges
between distant points. The one class
looks to the settlement of this question as
a means of once more engaging in a suc-

BOON'S LICK TIMES.

"ERROR CEASES TO BE DANGEROUS, WHEN REASON IS LEFT FREE TO COMBAT IT."—JEFFERSON.

Vol. 3.

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No. 1.

cessful business; the other looks to it as
a means of profitably carrying on the busi-
ness in which they are already engaged.
All look to Congress for that relief which
Congress alone has the power to grant.

By relief, it is not meant that Congress
can furnish means to cancel the indebted-
ness into which the community has been
plunged; but, by aiding the currency and
exchanges of the country, it may enable
the People, not already in hopeless despon-
dency, to liquidate their own debts. With
such aid, the productive industry of the
country will, in due time, wipe out every
trace of distress that was left by the deso-
lating fury of the storm which has swept
over the land; and our great object should
now be, to adopt such measures as will pro-
tect us from its ravages in future.

The ruinous rates of exchange result es-
sentially from a depreciated paper circula-
tion. If the currency can be made sound
and uniform, it will, of itself, go very far,
and with the facilities which the General
Government can give, will effectually regu-
late the exchanges.

The great evil under which the country
now labors, is the want of a uniform cur-
rency and an equalization of the exchanges.

Can the General Government remedy
this evil? This Government must have
some mode to collect, keep, and disburse
its revenue. This involves both the ques-
tion of currency and exchange: 1. A sound
currency to receive in payment of public
dues. 2. Exchange to transmit to distant
points the revenues of the Government in
payments of the public creditor.

The committee propose, then, to adopt a
system, on the part of this Government,
for the collection, safekeeping, and dis-
bursement of the public revenue, and
thereby, incidentally, aid in furnishing a
uniform currency, and equalizing the ex-
changes.

This is deemed the right and duty of the
Government; and the only question which
remains is, how shall it be done?

Different modes have been proposed and
tried. They are, first, a Bank of the United
States; secondly, the State bank de-
posit system; and, thirdly, the Sub-Treasury.
The first, a Bank of the United States,
is at this time utterly out of the question.
The history of the past year shows that a
charter for such an institution cannot be
obtained, however desirable it may be
deemed by many; and the state of the
times demonstrates that, if obtained, its
stock could not be taken up, so as to put it
in successful operation.

The second, the State bank deposit sys-
tem, was discarded and put down by its
most prominent friends—those who were
foremost in establishing it—before it had
received a fair trial, as others of its advo-
cates believe. All, however, concur in say-
ing that it cannot be re-established.

The third, the Sub-Treasury, as the com-
mittee believe, was signally condemned by
the People; and Congress, in accordance
with the popular will, took the earliest op-
portunity to repeal it.

The committee cannot, therefore, antici-
pate any state of things in which either of
these discarded systems can for a long time,
if ever, be revived. Years may elapse be-
fore those who have the strongest predilec-
tions for either can be gratified; and per-
haps that time will never arrive. Be that
as it may, they are each of them, at pre-
sent, far enough beyond our reach. Why,
then, shall we vainly attempt to clutch after
a thing which constantly eludes our grasp?
Shall we permit the country to suffer un-
der its present embarrassments because we
cannot bring to its aid our favorite mode of
relief? And more especially shall we per-
mit this when that mode cannot be at-
tained? The committee think not; and
this brings them to the consideration of the
plan of a fiscal agent recommended by the
President, reported on by the Secretary of
the Treasury, and referred to them by or-
der of the Senate.

The prominent objection to this plan, as
indicated by the opinions expressed in the
Senate on the motion for reference, are, 1.
The patronage and power which it gives
to the Executive; 2. The purchase of bills
of exchange; 3. The issue of Treasury
notes on the credit of the Government.
Can these objections be obviated or re-
moved? And, if they can, will the system
be efficient for the purposes for which it is
intended? The committee unhesitatingly
answer both these questions in the affirma-
tive, and proceed briefly to consider the
objections.

1. As to Executive Patronage and Power.

The patronage under this system consists
in the appointment to office and the power
in the removal from office. These objec-
tions will lie, to a greater or less extent,
to any system which can be adopted. But the
committee think, under the modifications
proposed, they will be substantially obvi-
ated. The President, with the advice and
consent of the Senate, appoints three com-
missioners, who form the Board of Exche-
quer. These commissioners are removable
only with the concurrence of the Senate,
and for physical inability, incompetency,
or neglect, or violation of duty. They are,
therefore, independent of any improper Executive influence, if any should
be attempted to be exercised over them.
The number of agencies is to be deter-
mined by the Board of Exchequer; but
to be limited to as few as the exigencies of
the service will admit, and in no case to
exceed two in any State or Territory.
The probability is, that, with the exception
of one or two States, there would be no
necessity for more than one agency to each,
and in many instances even that might be
dispensed with; and these agencies may be
the sound specie-paying banks of the

States, where it would not be desirable for
the agency to receive deposits, or to ac-
cept or sell bills or drafts on account of the
Board of Exchequer, which banks, acting
as agents, are prohibited to do. In all
these cases there would be no officers to be
appointed, and the selection of the specie
paying banks, as agents, would be made by
the Board of Exchequer, who, it has been
already shown, are independent of Execu-
tive influence. The only officers, then, to
be appointed, would be at the agencies, es-
tablished at some of the most important
commercial points. These are to be ap-
pointed by the Secretary of the Treasury,
on the recommendation of the Board of Ex-
chequer, and the Secretary of the Treas-
ury appoints, on like recommendation, such
inferior officers of the board as in the judg-
ment of the board the transaction of its
business may require.

Any of the officers of the agencies may
be removed by the Secretary of the Treas-
ury, on the recommendation of the board,
for physical inability, or incompetency, or
neglect, or violation of duty; but he must
state his reasons for the removal of any
principal officer of any agency, in his gen-
eral annual report of the transactions of
the Exchequer.

The whole extent of Presidential patron-
age, under the plan of the committee, is in
truth thus reduced to the simple nomination
of three commissioners of the Exchequer,
subject to the advice and consent of the
Senate; the appointment and removal of all
the other officers of the Exchequer, either
at the seat of Government or the agencies,
being virtually vested in the board, itself
made effectually independent of the power
of the President by the tenure of office
now proposed.

From this brief view of the appointing
and removing power, it will be seen that
the Executive patronage, by reason of the
appointment to office, is very little, and the
Executive power, by reason of the removal
from office, is still less.

2. As to the purchase of bills of exchange.

To this feature of the plan of the Sec-
retary of the Treasury the committee object:
1. That it would be exchanging the credit
of the Government for the responsibility of
individuals, and consequently expose the
Government to great hazard and eventual
loss; 2. That it might be used for political
purposes, and for party favoritism; 3. That
it would lead to fictitious dealings in ex-
change, without any real business basis.

The evils which would flow from all
these sources need not be enlarged upon.—
They will at once strike the mind of every
reflecting man.

But, aside from these objections, there
are others which would induce the com-
mittee to reject this power to purchase ex-
change. To exercise it discreetly and safely,
three things are necessary, namely, in-
dividual interest, individual sagacity, and
individual vigilance; interest, to secure pro-
per attention; sagacity, to distinguish real
from fictitious operations; vigilance, to
watch over the transactions from inception
to maturity and payment. These qualities,
from the nature of things, cannot be com-
bined to the desired extent in a public offi-
cer, however faithful and honest he may be.
He may intend, conscientiously, to dis-
charge his duty; but in business operations
of this description he cannot discharge it
as an individual would transact his own busi-
ness. It would, therefore, be dangerous
to give this power, without incorporating
the interests of individuals into the system,
which is not proposed to be done.

The committee, however, propose in an-
other mode to confer substantially the same
benefits without any of the risks. This can
be done by authorizing the Exchequer and
its agencies to sell and collect bills of ex-
change. In this there is no possible haz-
ard.

1. As to selling. This may be done, ei-
ther by one agency drawing a bill on an-
other, on payment of the amount and pre-
mium in specie, or by accepting the bill
payable at the agency where drawn, as will
best comport with the state of accounts be-
tween them, and best promote the interests
of all parties. This will answer all the
purposes of buying or discounting bills of
exchange. Buying or discounting bills on
time is, in other words, a mode of anticipat-
ing funds. The legitimate object of a bill
of exchange is not to anticipate, but to re-
mit funds. These funds may be remitted,
without the hazard, on the part of the Gov-
ernment, of the purchase of the bill, and at
the same time accommodate equally well
the individual to whom they belong. For
example, if a merchant in New York has
funds in Cincinnati, for which he is en-
titled to draw at sixty days, he may direct
his correspondent there, at the end of that
time, to deposit the amount in the agency
at that place, and send him a bill at sight on
the agency at New York, where he can re-
ceive the amount on presentation of the
bill. In the mean time, if he wishes to an-
ticipate his funds, he can get his note done
at one of the local banks, whose business it
is to discount, and rely upon the bill of his
correspondent at Cincinnati to meet it at
maturity.

2. As to collecting, the committee pro-
pose to authorize the Board of Exchequer
and its agencies, under regulations to be
prescribed by the board, to receive and col-
lect such drafts and bills of exchange as
may be deposited with them for that pur-
pose, drawn on any place where an office
of the Exchequer may be established; but
that no advance or payment shall be made
on such draft or bill until it shall have been
actually collected, and advice received of
such collection, when the proceeds shall be
paid over to the person entitled to receive

them, after deducting reasonable charge
and commission.

The facilities afforded by this system for
selling and collecting exchange will pro-
mote the interests of the whole country
equally well with the power to purchase,
and at the same time save the Government
from the possibility of loss or hazard.

3. As to the issue of Treasury notes on the credit of the Government.

From the view taken of this subject by
the committee, it is unnecessary to discuss
the question as to how far the issue of
Treasury notes, on the credit of the Gov-
ernment, to circulate as currency, is ob-
noxious to the constitutional objection to
bills of credit.

The committee are of opinion that no pa-
per should issue on the credit of the Gov-
ernment to circulate as currency.

There can be but two motives for the
issue of such paper. 1. To anticipate the
revenue to meet the engagements of the
Government. 2. To aid the currency of
the country by this addition to the circulat-
ing medium.

As to the first, the committee hold it
wrong in principle for the Government to
anticipate its revenues by this means. Its
tendency would be to excessive issues, and
to a reluctance on the part of the Govern-
ment to levy adequate duties for revenue.—
Either result would be in the highest de-
gree derogatory to our national character.
The revenues of the country should always
be adequate to the economical wants of the
Government, and the Government should
never have occasion to anticipate its re-
venues. But, if an emergency should happen
when its means are not sufficient to meet its
engagements, it may get the authority of
Congress, as has often been done before, to
issue Treasury notes, not as a currency, but
as a means of borrowing; Treasury notes,
bearing an interest, to be taken as an in-
vestment by capitalists, and not as a circulat-
ing medium for the People.

As to the second, the committee do not
perceive how a currency issued on the credit
of the Government can make any perma-
nent addition to the circulating medium
beyond the business wants of the country.
Such a currency, if it could be put in circu-
lation beyond those wants, would displace
and send into retirement an equal amount
of the local currency. So that the aggre-
gate amount remaining would be the same
as before. Any benefit to be derived by
this better currency of the Government, if
perchance a currency issued on its credit
should eventually be better, would not com-
pensate for a violation of what the commit-
tee deem a great and fundamental prin-
ciple, namely, that no paper should issue on
the credit of the Government to circulate as
currency.

The Secretary of the Treasury proposes
to issue \$15,000,000 of Treasury notes,
founded on a specie basis of \$5,000,000.—
In other words, to issue a paper currency
convertible into specie, in the ratio of three
dollars of paper to one of specie. In ordi-
nary banking operations this is deemed a
perfectly safe ratio. In truth, the circula-
tion of most banks is not regulated by the
specie in their vaults. Their issues are
sometimes in proportion to capital, and
sometimes graduated by discounts. The
ratio, however, of three to one has always
been deemed safe in banking operations.—
But would it be a safe principle for the Gov-
ernment to adopt in regard to any paper it
may issue to circulate as currency? The
committee think not. The officers of Gov-
ernment cannot provide for contingencies
and emergencies as individuals, or as banks
controlled by individuals, can do. How-
ever faithful and honest they may be, and
however conscientiously they may intend
to discharge their duties, they have not the
interest nor the means to provide for such
occasions.

Individuals interested in, and concerned
in, the managements of banks, are always
looking out and providing in advance for
any sudden demand upon them for specie.
And with all their interest, sagacity and
vigilance, they are not always able to pro-
vide against a suspension of specie pay-
ments. Will the officers of Government
be any better able to provide against it?—
There might be a sudden and unexpected
demand which would drain an agency at
once of its specie. There might be a sys-
tematic operation and combination,
from political or other motives, to accumu-
late the notes of an agency, and to present
them suddenly and unexpectedly for re-
demption, and for the express purpose of
compelling it to suspend specie pay-
ments. The effect would be not only to
destroy the credit of the Government, but
to disgrace it in the eyes of the world. The
Government should not be so exposed. Its
credit should always be beyond any possible
contingency.

The committee, therefore, propose that
no paper shall be issued on the credit of
the Government to circulate as currency;
but that a paper may be issued for that pur-
pose, based upon specie on hand, dollar for
dollar, and that the amount of such paper
in circulation shall not in any case, nor un-
der any circumstances, exceed the amount
of specie held for its redemption.

The paper thus issued is called *specie*
notes, as being a currency based on specie,
and as being distinguished from Treasury
notes, which are issued on the credit of the
Government, not for currency, but as a
means of borrowing.

These specie notes can, in no sense what-
ever, be obnoxious to an objection as bills
of credit. They are not issued on the credit
of the Government, but are issued on
specie in deposit of an equal amount for
their redemption. They pass by delivery,
from hand to hand, as a currency, and the

possessor of such a note holds it as evidence
of ownership of the amount of specie which
it represents, and to the possession of which
he is entitled at any moment, on presenta-
tion of the note at the agency where issued.
Until that time, the specie remains in the
depository of the Government, is guarded
by its authority, and the holder of the
note has the responsibility of the Govern-
ment for its safe custody.

These specie notes, issued upon the public
creditor in the disbursements of the Gov-
ernment, and upon the deposits of individ-
uals, would form a currency of the most
perfect character—a currency combining
all the conveniences of paper with the value
of coin. They would everywhere be
preferred to coin. They would be preferred
by the public creditor, as well as by the
whole community, because every one would
know that the specie was resting in the
Government depository for their redemp-
tion, and, with it, the guaranty of the Gov-
ernment for its safe-keeping.

The issue of such a paper, equal only in
amount to the specie held for its redemp-
tion, will neither increase nor diminish the
currency. Consequently, there will be no
power on the part of the Government to ex-
pand or contract the currency—a power
which the committee think should never be
possessed or exercised by the Government.
So far, therefore, as its action is concerned,
it cannot cause a scarcity or abundance of
money, and of course cannot injuriously ef-
fect the business of the country. There
will be no inflation of the currency, or any
rise or fall in the prices of commodities,
through its instrumentality. The receipts
and disbursements of the Government are
so nearly equal that any expansion or con-
traction will be regulated by the business
from which revenue is derived, and will only
be a healthy action of the system.

Neither would the specie notes of a low
denomination, be liable to the objection
which is sometimes made to the small note
circulation of the banks, namely, that of
driving specie out of the country. On the
contrary, the specie would remain under
the safe custody of the Government for
their redemption; and whilst these notes
would form a more active and convenient
circulating medium for the People than
the specie they represent, the specie would
remain at rest, and not be exposed to the
casualties of circulation, by which it is of-
ten irretrievably lost to the world. In
this view of the matter, the committee see
no objection to an issue of specie notes of
a denomination corresponding to the small
note circulation of the banks. Being free
from all possible risk, and in no way ob-
noxious to the objections which are made
to those notes, they would be peculiarly
acceptable and beneficial to that most use-
ful and respectable class, to wit, the small
dealers and day-laborers throughout the
country. They would feel that whilst
Government is providing a currency of
undoubted credit and safety for the larger
business interests of the community, it is
not unmindful of those of small means and
of more humble occupation.

Under the proposed system, there is to
be no power of discount, in any shape
whatever. That must be left to the local
institutions. To them it more appropri-
ately belongs. Those institutions would
feel the salutary influence of the operations
of the Exchequer, in the frequent settle-
ment of balances, and the consequent re-
straint upon overissues and excessive cir-
culation. Its tendency would be to con-
fine their discounts to business instead of
accommodation paper—the only safe rule
in fact for banking operations. Under
such a rule, there would be no danger to
the community from their contractions and
expansions.

They would be regulated and controlled
by the business of the country, and ex-
pand and contract with it. Their circula-
tion would be increased at that season of
the year when the products of industry
are going forward to market, and would
furnish the means of getting it there; and
it would contract again when those oper-
ations have been performed, and the busi-
ness has been consummated. This would
be a sound and healthy action of the bank-
ing system, and would be much promoted
by the practical operations of the Exche-
quer.

Would this system furnish a uniform
currency? If by a uniform currency it is
meant that the General Government shall
undertake to furnish an amount of cur-
rency adequate to the wants of the whole
country, the committee answer, no. No
measure which Congress can adopt, whether
it be in the shape of a National Bank
or otherwise, can supply an hundred mil-
lions or more of currency to meet the
existing or increasing wants of the com-
munity—wants increasing by the rapid in-
crease of population and the consequent
augmentation of the products of domestic
industry. From the adoption of the Con-
stitution to the present time, the States
have furnished by far the greater portion
of this currency, and they will continue to
furnish it. Their right to do so cannot be
superseded by any action on the part of
this Government. All that Congress can
do, is to infuse into the great mass of the
circulating medium of the country a cur-
rency issued under its authority, and of
such undoubted credit, that, with the local
currency of the States, when restored to a
sound condition, shall together form a uni-
form currency throughout the country.

The currency of the local specie-paying
banks in sound condition is as good for all
practical purposes, within the sphere of its
circulation, as any currency which this
Government can issue. But such a cir-
culation cannot extend beyond that sphere.

and maintain itself alongside of such a
currency as is proposed to be issued on the
part of the Government. The experience
and observation of every one demonstrate
that a local currency, however sound, can-
not have that universal credit which would
attach to a currency of the General Gov-
ernment, founded on a specie basis, and
carrying with it the responsibility of the
Government for the safe custody of the
specie which it represents. Neither would
a local currency, though founded on a simi-
lar basis, possess that universal credit.
And perhaps the most concise reason which
can be given is, that one is local and the
other general. To the General Govern-
ment the people of the whole country look—
to the State Government the people of
the State look. The credit of the one, so
far as currency is concerned, is univer-
sal; the credit of the other is local.

The currency of the New York banks,
and the currency of the Kentucky banks,
when paying specie, is as good for all prac-
tical purposes, within their respective
spheres of circulation, as a Government
currency. The same may be said of any
other distant points. All that is wanting,
then, to make a uniform currency over the
whole Union, is one of such undoubted
credit, and so universally known, that it
will be as good in New York as in Ken-
tucky, and as good in Maine as in Arkan-
sas; a currency which, for travel and re-
mittance, will enable one to go or send
from one of these spheres of local circula-
tion to another. This the proposed Gov-
ernment currency would do; and it would
require but a moderate amount, compared
with the whole circulation of the country.
This amount would be furnished, 1. By
the disbursement of the public revenues, in
specie notes in payment to the public credi-
tor; and which would be preferred by him
to coin; 2. By the issue of such notes, on
the deposits of specie by individuals, for
the purpose of entering into general cir-
culation. The greater amount of these
specie notes would be issued from the
agencies at the great commercial empor-
iums of the country, and would have a
universal credit throughout the Union.
The receipt and disbursement of twenty
five millions of public revenue, annually,
would keep up an active circulation of an
amount adequate to the disbursement of so
large a sum; and which amount, with that
which would be issued on private deposits,
and in connexion with the selling and col-
lecting of exchange, would be fully ade-
quate, with a sound local circulation, to
furnish a uniform currency throughout the
country.

There would be no difficulty in keeping
a sufficient amount in circulation to an-
swer all the purposes for which they are
intended. Although two-thirds or three
fourths of the revenue from customs is col-
lected in the city of New York, still there
is but a comparatively small portion of it
disbursed there. The large disbursements
of the Government are made in the West,
for Indian treaties, Indian annuities, for
the army, for military roads, fortifications,
and forts, for the improvement of lakes,
harbors, and the channels of rivers, for the
great variety of expenses for public build-
ings, internal improvements, and the civil
administration of the Territories, with
thousands of other disbursements which
cannot be enumerated. All these would
undoubtedly be paid in the specie notes
of the Exchequer. And, although they are
receivable for public dues, and the natu-
ral tendency would be to follow the
course of trade to the Atlantic cities, still
there would be counteracting causes to re-
tain them there.

A large amount would be retained for
land-office money; and the smaller denomi-
nations, having entered into circulation
amongst the People, would be retained in
circulation by reason of its convenience
and undoubted credit; and even the amount
which should find its way to the Atlantic
cities in payment of public dues, would at
once be thrown back upon the West, in
payment of the public creditors. The
West would also receive a very large
amount of this circulation from the emi-
grants of New England, New York, Vir-
ginia, and other Atlantic States, as well as
from the vast influx of foreigners from the
continent of Europe. All would deposit
their specie in the Atlantic agencies, and
take, in lieu of it, the specie notes of the
Exchequer. On their arrival in the West,
they would pay them into the land offices,
instead of being subjected to the expense
and risk of carrying specie, or any
local currency on which they might
be compelled to pay a large discount
to procure specie. They would also use
these specie notes in all their disburse-
ments for the purchase of stock and
for the improvement of their farms. A-
gain, Eastern merchants would send these
specie notes to pay their purchases of the
products of the West. It seems to the com-
mittee that the West would have an abun-
dant share of this Government currency,
and, in connexion with the benefits which it
would derive from exchanges, that its in-
terests would be peculiarly promoted by
the establishment of this system.

This paper circulation, based upon specie,
dollar for dollar, will not add to the
circulating medium of the country. The
committee have heretofore shown that it
ought not to add to it. But it has
many advantages over specie; amongst
those advantages are the following:

1. It will be the means of drawing forth
from its hiding place specie that has been
hoarded, to the estimated amount of several
millions; and which in its present con-
dition, is of no use to its possessor nor to
the country. The lack of confidence in in-
dividuals and banks as safe depositories,
which caused this retirement of specie,
will yield at once to the unbounded con-
fidence inspired by the Exchequer, where
specie notes are issued on a deposit of
specie, and the safe custody of the de-
posit is guaranteed by the Government for the
redemption of the notes.

2. In the ratio of the increased velocity
and economy which paper affords over spe-